

SECU Foundation

PEOPLE HELPING PEOPLE

Dear Prospective Teacher Housing Partner,

With over 10 years of experience in supporting teacher housing in counties across the state, SECU Foundation desires to assist school systems and communities that are beginning the discussion of affordable housing as one tool used to help recruit and retain teachers. While many communities want to first seek a loan from SECU Foundation for the project, there are many important steps which should be completed prior to the funding request. This letter is intended to give direction for the evaluation of need and determination of feasibility and sustainability for the potential housing program.

Initially school system and community leadership should come together as a steering committee to assess interest from employee surveys as well as research annual teacher turnover rates. Employee surveys should rate the emphasis that teachers (and recruits) place on access to housing and if the cost of existing housing or lack of supply deters them from wanting to remain in the community. The surveys should also address other factors that require community support and long-range planning such as access to amenities for recreation, dining, hotels for visiting family and friends, and entertainment venues. Leadership may also want to discuss the potential for subsidies for services such as utilities, security, and internet data providers.

Once there is a consensus among leadership, the steering committee should identify an education foundation or other nonprofit housing partner to coordinate the project. A partner with significant property management experience is required to serve as the developer and future property manager. With all partners in place, work should begin on identifying the site for housing. This land is typically conveyed by the county commissioners or school board through a long-term lease or sale to the foundation charged with managing the property. This property transfer should be completed at minimal or no cost. The steering committee will next work with the developer to select project design criteria and approve building plans. Once the bidding and selection of the general contractor is complete the developer should produce a construction budget (see attachment) and timeline. With the planning and budget in place, the committee is ready to consider funding through a variety of sources such as a capital campaign, targeted large gift donors, fundraising events, and a loan request.

For organizations considering a loan from SECU Foundation, this process begins with our Letter of Interest found on our [website](#). This document provides a comprehensive outline of information and items needed to review your request. Additionally, requests for teacher housing funding require the following attachments:

1. Memorandum of Agreement (MOA) between all partners in the project defining roles and participation. The MOA should also include a description of the terms for the land conveyance for the project through lease or purchase.
2. Pro Forma (see attached worksheet) illustrating 15 year cash flow based on following details:
 - a. Expected income from rents & fees (see attached table)
 - b. Vacancy rates (range from 6 – 8 %)
 - c. Operational expenses (see attached table)
 - d. Debt service based on 0% for 15 years
 - e. Projected annual increase in income

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- f. Projected annual increase in expenses
- 3. Rental Housing Market Analysis for your area
 - a. Identify local vacancy rates
 - b. Average rent for 1BR & 2BR units
- 4. Marketing strategy
 - a. Plan for coordination with the school system's Human Resource department to promote available units
 - b. Other plans to keep vacancy rate below 9%
- 5. Fundraising & Financial Sustainability
 - a. Special events
 - b. Targeted donor giving
 - c. Capital campaign
 - d. Additional community investment (other than donated land) to insure affordable rents
 - e. Annual fundraising plans during 15-year term of mortgage to help cover loan payments and operating expenses

Please remember that SECU Foundation is a statewide philanthropy supporting projects in four focus areas: housing, education, healthcare and human services. We seek to fund a balance of these projects in all eight economic regions of the state and with a limited amount of resources each year we are not able to fund every request. The role of SECU Foundation in teacher housing is as a potential financier providing an interest-free construction loan and a 15-year 0% mortgage. Hopefully the steps identified in this document will serve as a guide when considering this type of project for your community. SECU Foundation employees serve as a resource for any questions that a school system may have regarding the process. Questions may be directed to our [email address](#) or by phone at 1-800-438-1104.

Thank you for your interest in the SECU Foundation.

Sincerely,



Jama C. Campbell
Senior Vice President
Executive Director, SECU Foundation